

BATH CHARTER TOWNSHIP HOUSING COMMISSION
BATH, MICHIGAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
AND
REPORTS ON INTERNAL CONTROL AND
COMPLIANCE

Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended .

Unit Name	Bath Charter Township Housing Commissior	County	INGHAM	Type	OTHER	MuniCode	
Opinion Date-Use Calendar	July 25, 2008	Audit Submitted-Use Calendar	July 25, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="\$321,195"/>
General Fund Expenditure:	<input type="text" value="\$360,281"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text" value="\$963,823"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Barry	Last Name	Gaudette	Ten Digit License Number	1101011050				
CPA Street Address	3994 Sherwood Forest Drive	City	Traverse City	State	MI	Zip Code	49686	Telephone	938-2376
CPA Firm Name	Barry E. Gaudette, CPA, PC	Unit's Street Address	731 S. Garfield Ave.	City	Traverse City, MI			LU Zip	49686

BATH CHARTER TOWNSHIP HOUSING COMMISSION
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INTRODUCTION

Independent Auditor's Report

Board of Commissioners
Bath Charter Township Housing Commission
Bath, Michigan

I have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Bath Charter Township Housing Commission, Michigan, a component unit of the Bath Charter Township, as of and for the year ended December 31, 2007, which comprise the Housing Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bath Charter Township Housing Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of Bath Charter Township Housing Commission, Michigan, as of December 31, 2007, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bath Charter Township Housing Commission
Independent Auditor's Report
Page Two

In accordance with *Government Auditing Standards*, I have also issued my report dated July 25, 2008, on my consideration of Bath Charter Township Housing Commission, Michigan's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

The management's discussion and analysis comparison information on pages 3 through 10, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that comprise Bath Charter Township Housing Commission, Michigan's basic financial statements. The accompanying financial data schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Housing Commission. The combining financial statements by programs and the financial data schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Barry E. Vanduit, CPA, PC

July 25, 2008

**Bath Charter Township Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Unaudited)**

As management of the Bath Charter Township Housing Commission we offer reviewers of this audit report this narrative discussion and analysis of the Bath Charter Township Housing Commission's financial activities for the fiscal year ended December 31, 2007. This discussion and analysis letter of the Bath Charter Township Housing Commission's financial performance should be read in conjunction with the auditor's opinion letter and the following Financial Statements.

The combined financial statements reflect all of the Commission's federally funded programs and activities in one place. The Commission reports all its activities and programs using the Enterprise Fund type model. HUD encourages PHAs to use this accounting method as it is normally used to account for "business-type activities" - activities similar to those found in the private sector. Enterprise Fund types use the accrual method of accounting, the same accounting method employed by most private-sector businesses. Under this method, revenues and expenditures may be reported as such even though no cash transaction has actually taken place.

FINANCIAL HIGHLIGHTS

The term "net assets" refers to the difference between assets and liabilities. The Commission's total net assets as of December 31, 2007 were \$1,056,641. The net assets decreased by \$463, a decrease of 0.04% from the prior year.

Revenues and contributions for the Commission were \$359,818 for the fiscal year ended December 31, 2007. This was an increase of \$83,239 or 30.1% over the prior year.

Expenses for the Commission were \$360,281 for the fiscal year ended December 31, 2007. This was an increase of \$3,946 or 1.1% over the prior year.

HUD operating grants were \$256,650 for the fiscal year ended December 31, 2007. This was an increase of \$35,248 or 15.9% over the prior year. Capital contributions were \$36,623 for the fiscal year ended December 31, 2007. This was an increase of \$33,543 or 1,089% over the prior year.

Bath Charter Township Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains this *Management & Discussion Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Commission's financial statements are presented as fund financial statements because the Commission only has proprietary funds.

Required Financial Statements

The *Statement of Net Assets* includes the Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Commission creditors (liabilities). It also provides the basis for evaluating the liquidity and financial flexibility of the Commission.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Assets*. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the Commission has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the *Statement of Cash Flows*. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established Uniform Financial Reporting Standards that require Housing Commissions to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) and is required to be included in the audit reporting package.

**Bath Charter Township Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)**

FUND STATEMENTS

The Financial Data Schedule reports the Commission's operations in more detail. The Commission reports all its activities using Enterprise fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Financial Domestic Assistance (CFDA) numbers.

Bath Charter Township Housing Commission Programs:

Low Rent Public Housing: Under this program, the Housing Commission rents units that it owns to low-income elderly and family households. This program is operated under an Annual Contributions Contract with HUD. HUD provides Operating Subsidies to enable the Housing Commission to lease these units at a rate that is based on 30% of the household income.

Capital Fund Program: Under this program, the Housing Commission is awarded funds each year to use for Capital needs. The Housing Commission also has the ability to use up to 100% of these funds, if need be, to supplement Operating Subsidies. This program is the primary funding source for physical improvements to its properties.

Section 8 Housing Choice Voucher Program: Under this program, the Housing Commission administers contracts with independent landlords to provide housing for low-income households. These units are not owned by the Housing Commission. The Housing Commission subsidizes the family's rent via a "Housing Assistance Payment" made directly to the landlord. HUD provides subsidy to the Housing Commission to enable the Housing Commission to set the rental rates at 30% of a participant's income.

FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the following table, assets exceeded liabilities by \$1,056,641 at the close of the fiscal year ended December 31, 2007 a decrease from \$1,057,104 in 2006. The decrease in net assets of \$463 was due to the change in net assets for the fiscal year.

The unrestricted net assets were \$92,818 as of December 31, 2007. This amount may be used to meet the Commission's ongoing obligations. At the end of the current fiscal year, the Commission is able to report positive balances in all categories of net assets. In the prior fiscal year the Housing Choice Voucher Program had a deficit of \$27,655.

Bath Charter Township Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)

FINANCIAL ANALYSIS (CONTINUED)

CONDENSED STATEMENTS OF NET ASSETS
December 31,

	<u>2007</u>	<u>2006</u>	<u>Dollar Change</u>	<u>Per Cent Change</u>
Current and other assets	\$ 104,391	\$ 92,805	\$ 11,586	12.48%
Capital assets	<u>963,823</u>	<u>975,501</u>	<u>(11,678)</u>	<u>(1.20)%</u>
Total Assets	1,068,214	1,068,306	(92)	(0.07)%
Current liabilities	<u>11,573</u>	<u>11,202</u>	<u>371</u>	3.31%
Net Assets:				
Invested in capital assets	963,823	975,501	(11,678)	(1.20)%
Unrestricted	<u>92,818</u>	<u>81,603</u>	<u>11,215</u>	13.74%
Total Net Assets	<u>\$1,056,641</u>	<u>\$1,057,104</u>	<u>\$ (463)</u>	<u>(0.04)%</u>

The current assets increase of \$11,586 was due, in large part, an increase in the cash balance of \$8,985 due to positive cash flows in the same amount.

Current liabilities increased by \$371, in part, due to an increase in accounts payable of \$1,104 and an accounts payable to other governments of \$787 less a decrease of \$1,380 in tenant security deposits compared to the prior year.

The largest portion of the Commission's net assets reflects its investment in capital assets (e.g. land, buildings, construction in progress, and equipment) less accumulated depreciation. The Commission uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

While the Statement of Net Assets shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

**Bath Charter Township Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)**

FINANCIAL ANALYSIS (CONTINUED)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
December 31,**

As can be seen in the following table total revenues and contributions increased by \$83,239, in large part, due to a increase in the capital grant funding of \$32,256, an increase in the public housing operating subsidy of \$9,639, an increase in the Housing Choice Voucher subsidy of \$26,255, and tenant rents increased by 7,349 over the prior year due to tenants income increasing. The Capital Grants received this year of \$51,579 is the normal amount, the prior year amount of \$19,323 was for only part of a year. Interest income increased by \$255, mainly due to the interest rates being higher this fiscal year. Other income increased by \$5,362 due an increase in laundry income and other various miscellaneous income sources.

	<u>2007</u>	<u>2006</u>	<u>Dollar</u> <u>Change</u>	<u>Per</u> <u>Cent</u> <u>Change</u>
Revenues and contributions				
Operating, nonoperating, capital contributions:				
Tenant Revenue	\$ 54,353	\$ 47,004	\$ 7,349	15.6%
Nondwelling rent	<u>2,054</u>	<u>572</u>	<u>1,482</u>	259.1%
Total PHA generated Revenue	56,407	47,576	8,831	18.6%
HUD operating grants	256,650	221,402	35,248	15.9%
Capital contributions	36,623	3,080	33,543	1,089%
Other income	8,783	3,421	5,362	156.7%
Interest income	<u>1,355</u>	<u>1,100</u>	<u>255</u>	23.2%
Total Revenues and Contributions	<u>359,818</u>	<u>276,579</u>	<u>83,239</u>	30.1%
Expenses				
Personnel services	65,097	54,324	10,773	19.8%
Utilities	15,875	15,789	86	0.5%
Operations and maintenance	32,376	31,424	952	3.0%
Protective services	6,891	9,860	(2,969)	(30.1)%
Insurance	10,234	8,117	2,117	26.1%
Payments in lieu of taxes	3,734	2,614	1,120	42.8%
Other supplies and expenses	34,153	28,925	5,228	18.1%
Housing assistance payments	135,345	150,328	(14,983)	(10.0)%
Depreciation	<u>56,576</u>	<u>54,954</u>	<u>1,622</u>	3.0%
Total Expenses	<u>360,281</u>	<u>356,335</u>	<u>3,946</u>	1.1%
Change in net assets	(463)	(79,756)	79,293	
Beginning net assets	<u>1,057,104</u>	<u>1,136,860</u>	(79,756)	
Ending net assets	<u>\$1,056,641</u>	<u>\$1,057,104</u>	<u>\$ (463)</u>	

Bath Charter Township Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)

FINANCIAL ANALYSIS (CONTINUED)

Revenues:

Bath Charter Township Housing Commission's primary revenue sources are subsidies and grants received by HUD. Please note that Capital Fund Program grants can be classified as either soft cost revenue or hard cost revenue, for this fiscal year the Housing Commission chose to classify the 71% of the grants as hard costs. Revenue received from HUD for fiscal year ended December 31, 2007 for the low rent program for operations increased from fiscal year ending December 31, 2006 to December 31, 2007 by \$68,791. For the fiscal year ending December 31, 2007, revenue generated by the Commission accounted for \$56,407 (or 16% of total revenue), while HUD contributions accounted for \$293,273 (or 82% of total revenue).

Expenses:

Total Expenses for the fiscal ending December 31, 2006 were \$356,335 while for the fiscal year ending December 31, 2007 they were \$360,281. This represents an 1.1% increase in our operating costs. The expenses increased, in large part, because personnel costs increased \$10,773 due mainly to fringe benefits increasing by \$10,727. Insurance increased by \$2,117, due to higher rates for the Housing Commission. Other supplies and expenses increased by \$5,228, due in part, to legal expenses increasing by \$4,597 and travel increasing by \$944 over the prior year. Protective services decreased by \$2,969 due to the reduction in hours of this service. Housing assistance payments decreased by \$14,983 due to a lower leaseup rate than the prior year.

The following represents changes in Federal Assistance received:

	<u>12/31/07</u>	<u>12/31/06</u>	<u>Dollar Change</u>	<u>Per Cent Change</u>
Public Housing				
Operating Subsidy	\$ 65,490	\$ 55,851	\$ 9,639	17.3%
Section 8 Housing				
Choice Voucher				
Program	176,204	149,949	26,255	17.5%
Capital Fund Program				
Grants	<u>51,579</u>	<u>18,682</u>	<u>32,897</u>	<u>176.1%</u>
Total	<u>\$ 293,273</u>	<u>\$ 224,482</u>	<u>\$ 68,791</u>	<u>30.6%</u>

The above chart is segregated as to the Program source of funds, not the use of funds. The increase in the Operating Subsidy and Voucher Program is difficult to explain, because these subsidies are calculated by HUD.

**Bath Charter Township Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)**

FINANCIAL ANALYSIS (CONTINUED)

Budget Analysis:

A Low Rent Public Housing Operating Budget for the fiscal year ending December 31, 2007 was presented to and approved by the Board of Commissioners. We had no reason to amend the budget during the fiscal year. Actual results were in line with budgeted amounts.

OPERATIONAL HIGHLIGHTS

The Bath Charter Township Housing Commission provided the following housing for low-income elderly and low-income families:

	<u>December 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
Low Rent Public Housing	30	30
Section 8 Housing Choice Vouchers	25	25

During the fiscal year ending December 31, 2007, Bath Charter Township Housing Commission maintained a lease-up rate of 96.9% in its Public Housing Program and a lease-up rate of 96.3% in the Housing Choice Voucher Program.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Housing Commission is primarily dependent upon HUD for the funding of operations as well as capital needs. Therefore, the Housing Commission is affected more by the Federal Budget than by local economic conditions. The funding of programs could be significantly affected by the Federal Budget.

Although the Housing Commission remains concerned about the future levels of HUD funding due to the state of the federal budget, we feel that we are both financially and operationally in a strong position to continue to provide safe, sanitary, and decent housing to our residents.

We know of no other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net assets) or results of operations (revenues, expenses, and other changes)

**Bath Charter Township Housing Commission
Management's Discussion and Analysis (MD&A)
December 31, 2007
(Continued)**

CAPITAL ASSETS

During the fiscal year ending December 31, 2007, our Capital Fund Program work projects included bathroom renovations.

Capital projects planned for the next fiscal year include expanding the office and/or community room.

The Bath Charter Township Housing Commission's investment in capital assets, as of December 31, 2007 amounts to \$963,823 (net of accumulated depreciation). This investment in capital assets includes land, buildings, construction in progress, and equipment.

**CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
December 31,**

	<u>2007</u>	<u>2006</u>	<u>Dollar Change</u>
Land	\$ 35,419	\$ 35,419	\$
Buildings	1,594,224	1,554,392	39,832
Furniture, equipment and machinery - dwellings	22,216	22,216	
Furniture, equipment and machinery - administration	46,743	44,272	2,471
Construction in progress	<u>44,027</u>	<u>41,431</u>	<u>2,596</u>
	1,742,629	1,697,730	44,899
Accumulated depreciation	<u>(778,806)</u>	<u>(722,229)</u>	<u>(56,577)</u>
Total	<u>\$ 963,823</u>	<u>\$ 975,501</u>	<u>\$ (11,678)</u>

Capital assets decreased by \$11,678, because capital outlays of \$45,539, an adjustment of \$(641), and depreciation of \$(56,576).

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in its finances. Questions or comments concerning any of the information contained in this report or request for additional information should be directed to:

Ann Schoals, Executive Director
14379 Webster Road
Bath, Michigan 48808-9724

FINANCIAL STATEMENTS

BATH CHARTER TOWNSHIP HOUSING COMMISSION
STATEMENT OF NET ASSETS
December 31, 2007
=====

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 86,647
Receivables, net	5,713
Investments	8,235
Prepaid expenses	1,796
Inventories	<u>2,000</u>
Total Current Assets	<u>104,391</u>
Capital Assets:	
Land	35,419
Buildings	1,594,224
Equipment	68,959
Construction in progress	<u>44,027</u>
	1,742,629
Less: accumulated depreciation	<u>(778,806)</u>
Net Capital Assets	<u>963,823</u>
Total Assets	<u>\$ 1,068,214</u>

See notes to financial statements

BATH CHARTER TOWNSHIP HOUSING COMMISSION
STATEMENT OF NET ASSETS (CONTINUED)
December 31, 2007
=====

LIABILITIES and NET ASSETS

Current Liabilities:	
Accounts payable	\$ 1,104
Accrued expenses	1,501
Accounts payable-other government	3,734
Tenant security deposits	5,048
Deferred revenues	<u>186</u>
Total Current Liabilities	<u>11,573</u>
Net Assets:	
Invested in capital assets	963,823
Unrestricted net assets	<u>92,818</u>
Total Net Assets	<u>1,056,641</u>
Total Liabilities and Net Assets	<u>\$ 1,068,214</u>

See notes to financial statements

BATH CHARTER TOWNSHIP HOUSING COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS

Year Ended December 31, 2007

=====

OPERATING REVENUES:

Dwelling rent	\$ 54,353
Nondwelling rent	2,054
Operating grants	<u>256,650</u>

Total operating revenues	<u>313,057</u>
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OPERATING EXPENSES:

Administration	70,725
Tenant services	4,656
Utilities	15,875
Ordinary maintenance and operation	56,173
Protective services	6,891
General expenses	13,968
Extraordinary maintenance	72
Housing assistance payments	135,345
Depreciation	<u>56,576</u>

Total operating expenses	<u>360,281</u>
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Operating income(loss)	<u>(47,224)</u>
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NONOPERATING REVENUES:

Investment interest income	1,355
Other income	<u>8,783</u>

Total nonoperating revenues	<u>10,138</u>
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Income(loss) before contributions and transfers	(37,086)
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CAPITAL CONTRIBUTIONS

	<u>36,623</u>
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Change in net assets	(463)
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Prior period adjustments	(641)
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Net assets, beginning	<u>1,057,745</u>
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Net assets, ending	<u>\$ 1,056,641</u>
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See notes to financial statements

BATH CHARTER TOWNSHIP HOUSING COMMISSION
STATEMENT OF CASH FLOWS
Year Ended December 31, 2007
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CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from dwelling and nondwelling rents	\$ 54,240
Cash received from operating grants	258,250
Cash payments to other suppliers of goods and services	(234,993)
Cash payments to employees for services	(65,097)
Cash payments for in lieu of taxes	<u>(2,947)</u>
Net cash provided by operating activities	<u>9,453</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Tenant security deposits	(1,380)
Other revenue	<u>8,783</u>
Net cash provided by noncapital financing activities	<u>7,403</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital grants	36,623
Payments for capital acquisitions	<u>(45,539)</u>
Net cash (used) by capital and related financing activities	<u>(8,916)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Investments increased by	(310)
Receipts of interest and dividends	<u>1,355</u>
Net cash provided by investing activities	<u>1,045</u>

Net increase(decrease) in cash	8,985
Cash and cash equivalents, beginning	<u>77,662</u>
Cash and cash equivalents, ending	<u><u>\$ 86,647</u></u>

BATH CHARTER TOWNSHIP HOUSING COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended December 31, 2007
=====

**RECONCILIATION OPERATING INCOME(LOSS)
TO NET CASH PROVIDED BY OPERATING
ACTIVITIES:**

Operating income(loss)	\$(47,224)
Adjustments to reconcile operating (loss) to net cash provided(used) by operating activities:	
Depreciation	56,576
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable-HUD	1,600
Accounts receivable-tenants	(2,027)
Prepaid expenses	(1,223)
Increase (decrease) in liabilities:	
Accounts payable	1,104
Accounts payable-PILOT	787
Deferred revenues	(140)
Net cash provided by operating activities	<u>\$ 9,453</u>

See notes to financial statements

BATH CHARTER TOWNSHIP HOUSING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

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NOTE 1: Summary of Significant Accounting Policies

The Bath Charter Township Housing Commission (the Housing Commission) is a component unit of Bath Charter Township. The Housing Commission is a Public Housing Agency created by the Bath Charter Township on March 14, 1985, consisting of a five member board appointed by the Township Supervisor and charged with the responsibility to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Commission complies with U.S. generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Housing Commission the option of electing to apply FASB pronouncements issued after November 30, 1989, except for those that conflict with or contradict a GASB pronouncement. The Housing Commission has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1(a) Financial Reporting Entity

The Housing Commission's financial reporting entity comprises the following:

Primary Government:	Housing Commission
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In determining the financial reporting entity, the Housing Commission complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39, "The Financial Reporting Entity", and includes all component units, if any, of which the Housing Commission appointed a voting majority of the units' board; the Housing Commission is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

1(b) Basis of Presentation

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Housing Commission's programs as an enterprise fund.

Following is a description of the Housing Commission's programs:

Program	Brief Description
Low Rent Program	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.

1(c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the financial statements, the "economic resources" measurement focus is used as follows:

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current

1(c) Measurement Focus and Basis of Accounting (Continued)

Measurement Focus (Continued)

or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1(d) Assets, Liabilities, and Equity

Cash and Investments

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2(b) and 3(a).

Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Tenant accounts receivable, accrued interest receivable and accounts receivable from U.S. Department of Housing and Urban Development compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

1(d) Assets, Liabilities, and Equity (Continued)

Inventories

Inventories are valued at average cost, and consist of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed, rather than when purchased.

Insurance

The premiums on all major insurance policies are charged to prepaid insurance and amortized over the life of the policy.

Budgets and Budgetary Accounting

The Housing Commission adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

Estimates and Assumptions

The Housing Commission uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$1,000 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets are recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses, and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Building improvements	7 years
Equipment and furnishings	7 - 10 years

1(d) Assets, Liabilities, and Equity (Continued)

Compensated Absences

The Housing Commission's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Equity Classifications

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Housing Commission had no related debt.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

1(e) Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

Interfund Transfers

For the purposes of the Statement of Revenues, Expenses, and Changes in Net Assets, all interfund transfers between individual programs, if any, have been eliminated.

Post Employment Benefits

The provision for pension cost is recorded on an accrual basis, and the Commission's policy is to fund pension costs as they accrue.

1(e) Revenues and Expenses (Continued)

Income Taxes

As a component unit of a Michigan Township, the Housing Commission is exempt from federal and state income taxes. The Housing Commission has no unrelated business income.

NOTE 2: Stewardship, Compliance, and Accountability

The Housing Commission is subject to various federal, state, and local laws and contractual regulations. An analysis of the Housing Commission's compliance with significant laws and regulations and demonstration of its stewardship over Housing Commission resources follows.

2(a) Program Accounting Requirements

The Housing Commission complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Housing Commission are as follows:

Program	Required By
Public and Indian Housing	U.S. Department of HUD
Housing Choice Voucher Program	U.S. Department of HUD
Capital Fund Program	U.S. Department of HUD

2(b) Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of the Housing Commission in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Housing Commission must have a written Depository Agreement. As reflected in Note 3(a), all deposits were fully insured or collateralized.

Investments of the Housing Commission are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

2(c) Revenue Restrictions

The Housing Commission has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Capital Fund Program	Modernization

For the year ended December 31, 2007, the Housing Commission complied, in all material respects, with these revenue restrictions.

NOTE 3: Detail Notes on Transactions Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3(a) Cash and Investments

Deposits

The Housing Commission's policies regarding deposits of cash are discussed in Note 1(d). The table presented below is designed to disclose the level of custody credit risk assumed by the Housing Commission based upon how its deposits were insured or secured with collateral at December 31, 2007. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the Housing Commission (or public trust) or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Commission's name.

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Housing Commission's name; or collateralized with no written or approved collateral agreement.

	Total Bank Balance	Custody Credit Risk			Total Carrying Value
		Category 1	Category 2	Category 3	
Demand deposits	\$ 94,536	\$ 94,536	\$	\$	\$ 86,519

3(a) Cash and Investments (Continued)

Investments

The Housing Commission's policies and applicable laws regarding investments are discussed in Note 1(d) and 2(b). The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the Housing Commission (or public trust) based upon whether the investments are insured or registered and upon who holds the security at December 31, 2007. The categories of credit risk are defined as follows:

Category 1 - Insured or registered with securities held by the Housing Commission or its agent in the Housing Commission's name.

Category 2 - Uninsured and unregistered with securities held by counterparty's trust department or agent in the Housing Commission's name.

Category 3 - Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the Housing Commission's name.

	<u>Custody Credit Risk</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>		
Certificates of deposit	<u>\$ 8,235</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,235</u>	<u>\$ 8,235</u>

A reconciliation of cash as shown on the combined statement of net assets is as follows:

Carrying amount of deposits	\$ 86,519
Petty cash	128
Investments	<u>8,235</u>
Total	<u>\$ 94,882</u>
Cash and investments:	
Enterprise activities	\$ 102,899
Enterprise activities - deposits in transit	-
Enterprise activities - checks written in excess of deposits	<u>(8,017)</u>
Total	<u>\$ 94,882</u>

3(b) Receivables

Receivables detail at December 31, 2007, is as follows:

Tenant accounts receivable	\$ 8,478
Allowance for doubtful accounts	<u>(2,765)</u>
	<u>\$ 5,713</u>

3(c) Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	<u>Balance 12/31/06</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance 12/31/07</u>
Low Rent Program				
Land	\$ 35,419	\$	\$	\$ 35,419
Buildings	1,554,392	39,832		1,594,224
Furniture, equip. & machinery - dwellings	22,216			22,216
Furniture, equip. & machinery - administration	44,272	2,471		46,743
	<u>1,656,299</u>	<u>\$ 42,303</u>	<u>\$</u>	<u>1,698,602</u>
Less accumulated depreciation	(722,229)	<u>\$ (56,577)</u>	<u>\$</u>	<u>(778,806)</u>
Total	<u>\$ 934,070</u>			<u>\$ 919,796</u>
Capital Fund Program				
Construction in progress	<u>\$ 41,431</u>	<u>\$ 35,982</u>	<u>\$ (33,386)</u>	<u>\$ 44,027</u>
Combined Totals				<u>\$ 963,823</u>

3(d) Accrued Expenses

Accrued expense detail at December 31, 2007, is as follows:

Accrued wage/payroll taxes payable	\$ 996
Accrued compensated absences-current portion	505
	<u>\$ 1,501</u>

3(e) Interprogram Transactions and Balances

Equity Transfers

The capital fund program transferred \$14,956 to the low rent program during the fiscal year ended December 31, 2007.

Interprogram Receivable/Payable

The Housing Choice Voucher program owed the Public Housing Low Rent program \$54,888 as of December 31, 2007.

NOTE 4: Other Notes

4(a) Employee Retirement Plan

The Housing Commission does not have a pension plan.

4(b) Risk Management

The Housing Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Housing Commission manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Torts, errors and omissions	Insurance coverage with the The Stevenson Company.
b. Injuries to employees (workers' compensation)	Insured with the State Farm Insurance Company.
c. Physical property loss and natural disasters	Insurance coverage with the The Stevenson Company.
d. Liability	Insurance coverage with the The Stevenson Company.
e. Life	Included in the City of Bath Charter Township's life insurance plan.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Housing Commission. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4(c) Commitments and Contingencies

Commitments - Construction

At December 31, 2007, the Housing Commission had the following pending construction projects in progress:

	Funds Approved	Funds Expended - Project to Date
2006 CFP	\$ 53,750	\$ 22,956
2007 CFP	52,225	5,223
	<u>\$ 105,975</u>	<u>\$ 28,179</u>

4(c) Commitments and Contingencies (Continued)

Contingencies

The Housing Commission is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Housing Commission in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

4(d) Equity Transfers

Low Rent Program

Transfer in from the Capital Fund Program for 2004 cfp	<u>\$ 33,386</u>
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Capital Fund Program

Transfer to Low Rent Program of 2004 cfp	<u>\$ (33,386)</u>
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4(e) Prior Period Adjustments

Capital Fund Program

Reclassification of hard costs in prior year	<u>\$ (641)</u>
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SUPPLEMENTARY INFORMATION

BATH CHARTER TOWNSHIP HOUSING COMMISSION
COMBINING STATEMENT OF NET ASSETS
BY PROGRAM

December 31, 2007

=====

	Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 30,598	\$
Receivables:		
Tenants-dwelling rents	8,478	
Allowance for doubtful accounts	(2,765)	
Investments-unrestricted	8,235	
Prepaid expenses	1,796	
Inventories	2,000	
Due from other programs	<u>54,888</u>	
Total current assets	<u>103,230</u>	
Capital assets:		
Land	35,419	
Buildings	1,594,224	
Equipment	68,959	
Construction in progress	<u> </u>	<u>44,027</u>
	1,698,602	44,027
Less accumulated depreciation	<u>(778,806)</u>	
Net capital assets	<u>919,796</u>	<u>44,027</u>
Total Assets	<u>\$ 1,023,026</u>	<u>\$ 44,027</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
\$ 56,049	\$ 86,647
	8,478
	(2,765)
	8,235
	1,796
	2,000
	<u>54,888</u>
<u>56,049</u>	<u>159,279</u>
	35,419
	1,594,224
	68,959
	<u>44,027</u>
	1,742,629
	(778,806)
	<u>963,823</u>
<u>\$ 56,049</u>	<u>\$ 1,123,102</u>

BATH CHARTER TOWNSHIP HOUSING COMMISSION
 COMBINING STATEMENT OF NET ASSETS
 BY PROGRAM (CONTINUED)
 December 31, 2007
 =====

	Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
LIABILITIES and NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,104	
Accrued expenses	1,501	
Accounts payable-other government	3,734	
Tenant security deposits	5,048	
Deferred revenues	186	
Due to other programs	<u> </u>	<u> </u>
Total current liabilities	<u>11,573</u>	<u> </u>
Net Assets:		
Invested in capital assets	919,796	44,027
Unrestricted net assets	<u>91,657</u>	<u> </u>
Total net assets	<u>1,011,453</u>	<u>44,027</u>
Total Liabilities and Net Assets	<u>\$1,023,026</u>	<u>\$ 44,027</u>

Housing
Choice
Vouchers
14.871

Totals

\$	\$	1,104
		1,501
		3,734
		5,048
		186
<u>54,888</u>	<u>54,888</u>	
<u>54,888</u>	<u>66,461</u>	
		963,823
<u>1,161</u>	<u>92,818</u>	
<u>1,161</u>	<u>1,056,641</u>	
<u>\$ 56,049</u>	<u>\$1,123,102</u>	

BATH CHARTER TOWNSHIP HOUSING COMMISSION
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET ASSETS BY PROGRAM**
 Year Ended December 31, 2007
 =====

	Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
OPERATING REVENUES:		
Dwelling rent	\$ 54,353	\$
Nondwelling rent	2,054	
Operating grants	<u>65,490</u>	<u>14,956</u>
Total operating revenues	<u>121,897</u>	<u>14,956</u>
OPERATING EXPENSES:		
Administration	58,425	
Tenant services	4,656	
Utilities	15,875	
Ordinary maintenance and operation	56,173	
Protective services	6,891	
General expenses	13,968	
Extraordinary maintenance	72	
Housing assistance payments		
Depreciation	<u>56,576</u>	
Total operating expenses	<u>212,636</u>	
Operating income(loss)	<u>(90,739)</u>	<u>14,956</u>
NONOPERATING REVENUES:		
Operating transfers in(out)	14,956	(14,956)
Investment interest income	1,098	
Other income	<u>8,783</u>	
Total nonoperating revenues	<u>24,837</u>	<u>(14,956)</u>
Income(loss) before contributions and transfers	(65,902)	
CAPITAL CONTRIBUTIONS		36,623
EQUITY TRANSFERS	<u>33,386</u>	<u>(33,386)</u>
Change in net assets	(32,516)	3,237
Prior period adjustments		(641)
Net assets, beginning	<u>1,043,969</u>	<u>41,431</u>
Net assets, ending	<u>\$1,011,453</u>	<u>\$ 44,027</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
\$	\$ 54,353
	2,054
<u>176,204</u>	<u>256,650</u>
<u>176,204</u>	<u>313,057</u>
12,300	70,725
	4,656
	15,875
	56,173
	6,891
	13,968
	72
135,345	135,345
<u>135,345</u>	<u>56,576</u>
<u>147,645</u>	<u>360,281</u>
<u>28,559</u>	<u>(47,224)</u>
257	1,355
<u>257</u>	<u>8,783</u>
<u>257</u>	<u>10,138</u>
28,816	(37,086)
	36,623
<u>28,816</u>	<u>(463)</u>
	(641)
<u>(27,655)</u>	<u>1,057,745</u>
<u>\$ 1,161</u>	<u>\$ 1,056,641</u>

BATH CHARTER TOWNSHIP HOUSING COMMISSION
COMBINING STATEMENT OF CASH FLOWS
BY PROGRAM

Year Ended December 31, 2007

=====

	Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from dwelling and nondwelling rents	\$ 54,240	\$
Cash received from operating grants	65,490	16,556
Cash payments to other suppliers of goods and services	(99,348)	
Cash payments to employees for services	(53,097)	
Cash payments for in lieu of taxes	<u>(2,947)</u>	
Net cash provided (used) by operating activities	<u>(35,662)</u>	<u>16,556</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Equity transfers in(out)	14,956	(14,956)
Due from/to other funds	29,300	(1,600)
Tenant security deposits	(1,380)	
Other revenue	<u>8,783</u>	
Net cash provided (used) by noncapital financing activities	<u>51,659</u>	<u>(16,556)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants		36,623
Payments for capital acquisitions	<u>(8,916)</u>	<u>(36,623)</u>
Net cash (used) by capital and related financing activities	<u>(8,916)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments decreased (increased)	(310)	
Receipts of interest and dividends	<u>1,098</u>	
Net cash provided by investing activities	<u>788</u>	
Net increase(decrease) in cash	7,869	
Cash and cash equivalents, beginning	<u>22,729</u>	
Cash and cash equivalents, ending	<u>\$ 30,598</u>	<u>\$</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
	\$ 54,240
176,204	258,250
(135,645)	(234,993)
(12,000)	(65,097)
<u> </u>	<u>(2,947)</u>
<u>28,559</u>	<u>9,453</u>
(27,700)	(1,380)
<u> </u>	<u>8,783</u>
<u>(27,700)</u>	<u>7,403</u>
	36,623
<u> </u>	<u>(45,539)</u>
<u> </u>	<u>(8,916)</u>
	(310)
<u>257</u>	<u>1,355</u>
<u>257</u>	<u>1,045</u>
1,116	8,985
<u>54,933</u>	<u>77,662</u>
<u>\$ 56,049</u>	<u>\$ 86,647</u>

BATH CHARTER TOWNSHIP HOUSING COMMISSION
COMBINING STATEMENT OF CASH FLOWS
BY PROGRAM (CONTINUED)

Year Ended December 31, 2007

=====

Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
---------------------------------------	---

**RECONCILIATION OF OPERATING INCOME
(LOSS) TO NET CASH PROVIDED BY
OPERATING ACTIVITIES:**

Operating income(loss)	\$(90,739)	\$ 14,956
Adjustments to reconcile operating (loss) to net cash provided(used) by operating activities:		
Depreciation	56,576	
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-HUD		1,600
Accounts receivable-tenants	(2,027)	
Prepaid expenses	(1,223)	
Increase (decrease) in liabilities:		
Accounts payable	1,104	
Accounts payable-PILOT	787	
Deferred revenues	<u>(140)</u>	
Net cash provided (used) by operating activities	<u>\$(35,662)</u>	<u>\$ 16,556</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
 \$ 28,559	 \$(47,224)
	56,576
	1,600
	(2,027)
	(1,223)
	1,104
	787
<u> </u>	<u>(140)</u>
 <u>\$ 28,559</u>	 <u>\$ 9,453</u>

BATH CHARTER TOWNSHIP HOUSING COMMISSION

FINANCIAL DATA SCHEDULE

Year Ended December 31, 2007

=====

FDS Line Item No.		Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
	ASSETS		
	Current Assets:		
	Cash:		
111	Cash-unrestricted	\$ 25,550	\$
114	Cash-tenant security deposits	<u>5,048</u>	
100	Total cash	<u>30,598</u>	
	Receivables:		
126	A/R-tenants-dwelling rents	8,478	
126.1	Allowance for doubtful accounts	<u>(2,765)</u>	
120	Total receivables, net of allowance for doubtful accounts	<u>5,713</u>	
131	Investments-unrestricted	<u>8,235</u>	
	Other Current Assets:		
142	Prepaid expenses and other assets	1,796	
143	Inventories	2,000	
144	Interprogram due from	<u>54,888</u>	
	Total other current assets	<u>58,684</u>	
150	Total current assets	<u>103,230</u>	
	Noncurrent Assets:		
	Fixed Assets:		
161	Land	35,419	
162	Buildings	1,594,224	
163	Furn, equip & mach-dwellings	22,216	
164	Furn, equip & mach-admin.	46,743	
166	Accumulated depreciation	<u>(778,806)</u>	
167	Construction in progress		<u>44,027</u>
160	Total fixed assets, net of accumulated depreciation	<u>919,796</u>	<u>44,027</u>
180	Total noncurrent assets	<u>919,796</u>	<u>44,027</u>
190	Total Assets	<u>\$ 1,023,026</u>	<u>\$ 44,027</u>

Housing
Choice
Vouchers
14.871

Totals

\$ 56,049

\$ 81,599
5,048

56,049

86,647

8,478
(2,765)

5,713

8,235

1,796
2,000
54,888

58,684

56,049

159,279

35,419
1,594,224
22,216
46,743
(778,806)
44,027

963,823

963,823

\$ 56,049

\$1,123,102

BATH CHARTER TOWNSHIP HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
Year Ended December 31, 2007
=====

FDS Line Item No.		Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
LIABILITIES and NET ASSETS			
	Liabilities:		
	Current Liabilities:		
312	Accounts payable	\$ 1,104	\$
321	Accrued wage/payroll taxes payable	996	
322	Accrued compensated absences-current portion	505	
333	Accounts payable-other government	3,734	
341	Tenant security deposits	5,048	
342	Deferred revenues	186	
347	Interprogram due to	<u> </u>	<u> </u>
310	Total current liabilities	<u>11,573</u>	<u> </u>
300	Total liabilities	<u>11,573</u>	<u> </u>
	Net Assets:		
508.1	Invested in capital assets	<u>919,796</u>	<u>44,027</u>
508	Total invested in capital assets	919,796	44,027
512.1	Unrestricted net assets	<u>91,657</u>	<u> </u>
513	Total Net Assets	<u>1,011,453</u>	<u>44,027</u>
600	Total Liabilities and Net Assets	<u>\$ 1,023,026</u>	<u>\$ 44,027</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
\$	\$ 1,104
	996
	505
	3,734
	5,048
	186
<u>54,888</u>	<u>54,888</u>
<u>54,888</u>	<u>66,461</u>
<u>54,888</u>	<u>66,461</u>
<u> </u>	<u>963,823</u>
	963,823
<u>1,161</u>	<u>92,818</u>
<u>1,161</u>	<u>1,056,641</u>
<u>\$ 56,049</u>	<u>\$1,123,102</u>

BATH CHARTER TOWNSHIP HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
Year Ended December 31, 2007

=====

FDS Line Item No.		Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
	Revenue:		
703	Net tenant rental revenue	\$ 54,353	\$
704	Tenant revenue-other	<u>2,054</u>	<u></u>
705	Total tenant revenue	56,407	
706	HUD PHA grants	65,490	14,956
706.1	Capital grants		36,623
711	Investment income-unrestricted	1,098	
715	Other income	<u>8,783</u>	<u></u>
700	Total revenue	<u>131,778</u>	<u>51,579</u>
	Expenses:		
	Administrative:		
911	Administrative salaries	23,765	
912	Auditing fees	3,150	
914	Compensated absences	100	
915	Employee benefit contributions-adm.	5,363	
916	Other operating-administrative	26,047	
	Tenant services:		
924	Tenant services-other	4,656	
	Utilities:		
931	Water	9,333	
932	Electricity	1,326	
933	Gas	5,193	
938	Other utilities expense	23	
	Ordinary maintenance and operation:		
941	Ordinary maint & oper-labor	15,696	
942	Ordinary maint & oper-mat'ls & other	7,979	
943	Ordinary maint & oper-contract costs	24,325	
945	Employee benefit contributions	8,173	
952	Protective services-other contract costs	6,891	
	General expenses:		
961	Insurance premiums	10,234	
963	Payments in lieu of taxes	<u>3,734</u>	<u></u>
969	Total operating expenses	<u>155,988</u>	<u></u>
970	Excess operating revenue over operating expenses	<u>(24,210)</u>	<u>51,579</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
\$	\$ 54,353
	<u>2,054</u>
	56,407
176,204	256,650
	36,623
257	1,355
	<u>8,783</u>
<u>176,461</u>	<u>359,818</u>
12,000	35,765
	3,150
	100
	5,363
300	26,347
	4,656
	9,333
	1,326
	5,193
	23
	15,696
	7,979
	24,325
	8,173
	6,891
	10,234
	<u>3,734</u>
<u>12,300</u>	<u>168,288</u>
<u>164,161</u>	<u>191,530</u>

BATH CHARTER TOWNSHIP HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
Year Ended December 31, 2007

=====

FDS Line Item No.		Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
	Expenses continued:		
	Other expenses:		
971	Extraordinary maintenance	72	
973	Housing assistance payments		
974	Depreciation expense	<u>56,576</u>	<u> </u>
	Total other expenses	<u>56,648</u>	<u> </u>
900	Total expenses	<u>212,636</u>	<u> </u>
	Other Financing Sources(Uses):		
1001	Operating transfers in	<u>14,956</u>	<u>(14,956)</u>
1010	Total other financing sources(uses)	<u>14,956</u>	<u>(14,956)</u>
1000	Excess(deficiency) of operating revenue over(under) expenses	(65,902)	36,623
1103	Beginning Net Assets	1,043,969	41,431
1104	Prior period adjustments, equity transfers and correction of errors	<u>33,386</u>	<u>(34,027)</u>
	Ending Net Assets	<u>\$ 1,011,453</u>	<u>\$ 44,027</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
135,345	72 135,345
<u>135,345</u>	<u>56,576</u>
147,645	191,993
<u>147,645</u>	<u>360,281</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
28,816	(463)
(27,655)	1,057,745
<u> </u>	<u>(641)</u>
<u>\$ 1,161</u>	<u>\$1,056,641</u>

Barry E. Gaudette, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

731 South Garfield Avenue
Traverse City, Michigan 49686
(231) 946-8930

Report on Internal Control over Financial Reporting Fax (231) 946-1377
and on Compliance and Other Matters based on an
Audit of Financial Statements performed in accordance
with Government Auditing Standards

Board of Housing Commissioners
Bath Charter Township Housing Commission
Bath, Michigan

I have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Bath Charter Township Housing Commission, Michigan (Housing Commission), as of and for the year ended December 31, 2007, which comprise the Housing Commission's basic financial statements and have issued my report thereon dated July 25, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Commission's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Commission's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Housing Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted principles such that there is more than a remote likelihood that a misstatement of the Housing Commission's financial statements that is more than inconsequential will not be prevented or detected by the Housing Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Commission's internal control.

Report on Internal Control over Financial Reporting
and on Compliance and Other Matters based on an
Audit of Financial Statements performed in accordance
with *Government Auditing Standards*
Bath Charter Township Housing Commission
Page Two

Internal Control Over Financial Reporting (Continued)

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 07-1 through 07-17.

The Housing Commission's response to the findings identified in my audit are described in the accompanying schedule of findings. I did not audit the Housing Commission's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, Board of Housing Commissioners, others within the entity, the Michigan Department of Treasury, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Barry E. Amdt, CPA, PC

July 25, 2008

BATH CHARTER TOWNSHIP HOUSING COMMISSION
STATUS OF PRIOR AUDIT FINDINGS
December 31, 2007

=====

- Finding 06-1: The Housing Commission's Housing Choice Voucher Program had a 56% exception rate for the testing for eligibility. This finding **has not** been cleared.
- Finding 06-2: The Housing Commission's Public Housing Low Rent Program had a 36% exception rate for the testing for eligibility. This finding **has not** been cleared.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)

December 31, 2007

=====

SECTION I - FINANCIAL STATEMENT FINDINGS

None

SECTION II - FEDERAL AWARD FINDINGS

Housing Choice Voucher Program - CFDA No. 14.871

Reference Number: 07-1

Criteria: 24 CFR 982.204 Waiting List: Administration of the **Waiting List**.

Statement of Condition: During testing of new admissions to the program and after conducting an interview with the Executive Director, it was discovered that there was no documentation of new admissions to the program.

Cause: The staff member in charge of this program did not have documentation to show that the new admissions were selected in the correct order.

Potential Effect: Eligible tenants may not have been admitted to the program, or they may not have been admitted in the correct order.

Recommendations: It is recommended that the Housing Commission improve the documentation process by placing a copy of a current waiting list sorted by preference in a central file every time there is an event that results in a change in the order of the applicants on the waiting list. In addition, if new admissions are not at the top of the waiting list at the time of admission, there should be adequate documentation for anyone above them on the waiting list as to why they were skipped.

Auditor's Note: It should be noted that the Housing Commission received a letter from HUD on April 1, 2008 stating that in the case of agencies that are small and expend less than \$300,000 in Federal Funds, Indicator Nos. 1-7 will not be rated for the SEMAP certification.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007

=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Housing Choice Voucher Program - CFDA No. 14.871

Reference Number: 07-2

Criteria: 24 CFR 982.507 Rent to owner: **Reasonable rent**

Statement of Condition: During testing of the tenant files and through an interview, it was discovered that there was not proper administration of the rent reasonableness testing process.

Cause: The staff member in charge of this program didn't perform a test of the reasonableness of the rent in cases where required. In addition, all factors required by HUD and the Housing Commission's Administrative Plan should be used in the rent reasonableness testing in the future. Second, all of the required factors should be used in comparing the tenant's property to the unassisted properties.

Potential Effect: Tenants may have been charged rents that were too high.

Recommendations: It is recommended that the staff perform a rent reasonableness test when there is an increase in rent, for the initial leasing, if there is a five percent decrease in the published Fair Market Rent in effect 60 days before the contract anniversary as compared with the Fair Market Rent in effect one year before the contract anniversary, and as otherwise directed by HUD as required by 24 CFR 982.507.

Auditor's Note: See Reference Number 07-1.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)

December 31, 2007

=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Housing Choice Voucher Program - CFDA No. 14.871

Reference Number: 07-3

Criteria: 24 CFR 985.3 Indicators, HUD verification methods and ratings. [24 CFR 985.3(e) **HQS quality control inspections**]

Statement of Condition: There was no evidence to show that Quality Control Inspections were done.

Cause: The Housing Commission did not have documentation showing that quality control inspections were done.

Potential Effect: Tenants may be in substandard units.

Perspective Information: During the interview process, it was discovered that Quality Control Inspections were being done, but there was no documentation of the Quality Control Inspections.

Recommendations: Quality Control Inspections should be performed on the units and the results documented on a proper inspection form. Any deficiencies should be noted and those deficiencies corrected within the specified time frames, which are 24 hours for emergency items and 30 days or by granted extension for deficiencies that are not emergencies. These Quality Control Inspections should be done in sufficient numbers to meet the requirements of 24 CFR 985.2. It is recommended that these Quality Control Inspections be done as soon as possible after the original annual inspections, but in any case within the required three months.

Auditor's Note: See Reference Number 07-1.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007

=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Housing Choice Voucher Program - CFDA No. 14.871

Reference Number: 07-4

Criteria: 24 CFR 982.516 Family income and composition: Regular and interim examinations.

Statement of Condition: During testing of the tenant files, it was discovered that there was not proper attempts to obtain **information** on tenant income, assets and expenses, and then obtain proper **verification** of tenant income, assets, and expenses.

Cause: The staff member in charge of this program did not obtain information on possible tenant income, assets, and expenses and then obtain the proper verification of income, assets, and expenses.

Potential Effect: Tenants may have been charged rents that were incorrect.

Perspective Information: Out of the two files tested out of a population of 24, both of the files didn't have proper tenant income, asset, and expense documentation. This represents an exception rate of 100%.

Recommendations: It is recommended that the staff obtain information on tenant income, assets, and expenses and document the process in the tenant file. The staff should then obtain proper verifications of tenant income, expenses, and assets using the proper levels of verification methods. If written third party verifications are not available, the tenant file must have documentation as to why it was not available.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007

=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Housing Choice Voucher Program - CFDA No. 14.871

Reference Number: 07-5

Criteria: 24 CFR 982.405 PHA **initial and periodic unit inspections.**

Statement of Condition: There was not proper evidence in the tenant files to show that the units inspected met Housing Quality Standards.

Cause: The Housing Commission did not make sure that the inspection forms were correctly completed. It was not possible to tell if the properties inspected passed or failed in all of the files tested. The inspection forms were not complete in all cases.

Potential Effect: Tenants may be or may have been in substandard units.

Perspective Information: Out of 24 tenants, 3 were tested and of these, 3 did not have proper and complete inspection forms. This represents an exception rate of 100%.

Recommendations: Annual inspections should be performed on the units and the results documented on a proper inspection form. The documentation on the inspection form should be complete and include the pass or fail rating. Life-threatening corrections should be made within 30 days, or by granted extension. The dates that the corrections were made should be documented on the inspection form as well.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007

=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Housing Choice Voucher Program - CFDA No. 14.871

Reference Number: 07-6

Criteria: 24 CFR 5.212 Compliance with the Privacy Act and other requirements. [5.212(b) **Privacy Act Notice**]

Statement of Condition: There was no evidence in the tenant files, or available outside of the tenant files, to show that there was a properly completed Privacy Act Notice for the fiscal year audited for all of the tenant files tested.

Cause: The Housing Commission did not make sure that there were properly completed Privacy Act Notices for all of the tenant files tested within the required time frame.

Potential Effect: Tenants may not be aware of their rights.

Perspective Information: Out of 24 tenants, 3 were tested and of these, 2 did not have Privacy Act Notices. This represents an exception rate of 66.7%.

Recommendation: The Housing Commission should make sure that a Privacy Act Notice is completed at each annual income recertification.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007
=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Housing Choice Voucher Program - CFDA No. 14.871

Reference Number: 07-7

Criteria: 24 CFR 982.516 **Family income and composition:** Regular and interim examinations. [982.516(a) PHA responsibility for reexamination and verification]

Statement of Condition: During testing of the tenant files, it was discovered that documentation of the annual review of family composition was missing in the tenant files.

Cause: The staff member in charge of this program did not obtain the documentation.

Potential Effect: Ineligible tenants may be in the program or tenants may have been charged the wrong rents.

Perspective Information: Out of the two files tested out of a population of 24, none of the two had the documentation. Their represents an exception rate of 100%.

Recommendation: It is recommended that the Housing Commission document family composition for all tenants. The documentation of family composition must be done annually.

Housing Choice Voucher Program - CFDA No. 14.871

Reference Number: 07-8

Criteria: 24 CFR 982.308 **Lease** and tenancy

Statement of Condition: During testing of the tenant files, it was discovered that documentation of the lease was missing in the tenant files.

Cause: The staff member in charge of this program did not obtain the documentation.

Potential Effect: Tenants may not be aware of their rights. An enforceable lease may not be in effect.

Perspective Information: Out of the five files tested, none of the five had the documentation. This represents an exception rate of 100%.

Recommendation: It is recommended that the Housing Commission obtain the appropriate documentation for the tenant files where possible. There should be a properly completed and executed current lease.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007

=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Housing Choice Voucher Program - CFDA No. 14.871

Reference Number: 07-9

Criteria: 24 CFR 5.508 Submission of **evidence of citizenship** or eligible immigration status.

Statement of Condition: During testing of the tenant files, it was discovered that citizenship documentation was missing in the tenant files.

Cause: The staff member in charge of this program did not obtain the documentation.

Potential Effect: Ineligible tenants may be living in the units.

Perspective Information: Out of the two files tested, none of the two had the documentation. This represents an exception rate of 100%.

Recommendation: It is recommended that the Housing Commission obtain all of the appropriate documentation for the tenant files where possible. Properly completed 214 declaration forms should be obtained for all household members.

Housing Choice Voucher Program - CFDA No. 14.871

Reference Number: 07-10

Criteria: 24 CFR 982.308 Lease and tenancy: [24 CFR 982.308(f) **Tenancy addendum**]

Statement of Condition: During testing of the tenant files, it was discovered that documentation was missing in the tenant files.

Cause: The staff member in charge of this program did not obtain the documentation.

Potential Effect: Tenants may not be aware of their rights. A lease that doesn't include the language in the tenancy addendum may be in effect.

Perspective Information: Out of the two files tested, none of the two had the documentation. This represents an exception rate of 100%.

Recommendations: It is recommended that the Housing Commission obtain all of the appropriate documentation for the tenant files where possible. There should be a properly completed and executed current lease with a tenancy addendum attached for all households.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007
=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Housing Choice Voucher Program - CFDA No. 14.871

Reference Number: 07-11

Criteria: 24 CFR 982.302 Issuance of voucher; **Requested PHA approval of assisted tenancy.**

Statement of Condition: During testing of the tenant files, it was discovered that documentation was missing in the tenant files.

Cause: The staff member in charge of this program did not obtain 100% of the documentation, or they did not make sure that it was correct and complete.

Potential Effect: Tenants may not have provided the Housing Commission with the required request for approval of the tenancy and a copy of the lease, including the HUD-prescribed tenancy addendum. The Housing Commission may not have reviewed the proper documentation prior to tenancy, or didn't document the tenant file with the information.

Perspective Information: Out of the two files tested, none of the two had all of the proper documentation. This represents an exception rate of 100%.

Recommendation: It is recommended that the Housing Commission obtain all of the appropriate documentation for the tenant files where possible. There should be properly executed requests for tenancy approval in the tenant files.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007
=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Housing Choice Voucher Program - CFDA No. 14.871

Reference Number: 07-12

Criteria: 24 CFR 982.158(5) Program accounts and records

Statement of Condition: During testing of the tenant files, it was discovered that documentation on **lead-based paint** was missing in the tenant files.

Cause: The staff member in charge of this program did not obtain the documentation.

Potential Effect: Tenants may not be aware of their rights. The health of the tenants may be at risk.

Perspective Information: Out of the two files tested, none of the two had all of the documentation. This represents an exception rate of 100%.

Recommendation: It is recommended that the Housing Commission obtain all of the appropriate lead-based paint documentation for the tenant files.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007
=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Low Rent Public Housing Program - CFDA No. 14.850a

Reference Number: 07-13

Criteria: 24 CFR 960.257 Family income and composition: Regular and interim reexaminations.

Statement of Condition: During testing of the tenant files, it was discovered that there was not proper attempts to **obtain information** on tenant income and then **obtain proper verification** of tenant income.

Cause: The staff member in charge of this program did not obtain information on possible tenant income and then obtain the proper verification of income.

Potential Effect: Tenants may have been charged rents that were incorrect.

Perspective Information: Out of the two files tested, none of the two had all of the proper tenant income documentation and the proper corresponding verification. This represents an exception rate of 100%.

Recommendations: It is recommended that the staff obtain information on tenant income and document the process in the tenant file. The staff should then obtain proper verifications of tenant income using the proper levels of verification methods. If written third party verifications are not available, the tenant file must have documentation as to why it was not available.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007
=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Low Rent Public Housing Program - CFDA No. 14.850a

Reference Number: 07-14

Criteria: Subpart B-Disclosure and Verification of Social Security Numbers and Employer Identification Numbers; Procedures for Obtaining Income Information. 24 CFR 5.210 Purpose, applicability, and Federal preemption.

Statement of Condition: During testing of the tenant files, it was discovered that **Social Security Number documentation** was missing in the tenant files.

Cause: The staff member in charge of this program did not obtain 100% of the documentation.

Potential Effect: Ineligible tenants may be living in the units. Also, there is the possibility of obtaining the wrong person's income information.

Perspective Information: Out of the three files tested, one of the three had all of the documentation. This represents an exception rate of 66.7%.

Recommendation: It is recommended that the Housing Commission obtain all of the appropriate Social Security documentation for the tenant files.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007

=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Low Rent Public Housing Program - CFDA No. 14.850a

Reference Number: 07-15

Criteria: 24 CFR 5.508 Submission of evidence of citizenship or eligible immigration status

Statement of Condition: During testing of the tenant files, it was discovered that **citizenship documentation** was missing in the tenant files.

Cause: The staff member in charge of this program did not obtain the documentation.

Potential Effect: Ineligible tenants may be living in the units.

Perspective Information: Out of the two files tested, none of the two had the documentation. This represents an exception rate of 100%.

Recommendation: It is recommended that the Housing Commission obtain all of the appropriate documentation for the tenant files where possible. Properly completed 214 declaration forms should be obtained for all household members.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007
=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Low Rent Public Housing Program - CFDA No. 14.850a

Reference Number: 07-16

Criteria: 24 CFR 960.253 Choice of rent.

Statement of Condition: During testing of the tenant files, it was discovered that documentation of the tenant's **choice of flat rent versus income based rent** wasn't available in the tenant files.

Cause: The staff member in charge of this program did not obtain any of the documentation.

Potential Effect: Tenants may have been charged incorrect rents, tenants may not be aware of their rights, and tenants were not given a proper chance to select income based or flat rent.

Perspective Information: Out of the two files tested, none of the two had any of the documentation. This represents an exception rate of 100%.

Recommendation: It is recommended that the Housing Commission document the tenant's annual written choice of flat rent or income based rent completely and correctly in the future.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
December 31, 2007

=====

SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)

Low Rent Public Housing Program - CFDA No. 14.850a

Reference Number: 07-17

Criteria: 24 CFR 960.202 **Tenant Selection Policies.**

Statement of Condition: During testing of new admissions to the program, it was discovered that there was not adequate documentation to show that the new admissions to the program were selected correctly.

Cause: The staff member in charge of this program did not have documentation to show that the new admissions were selected in the correct order.

Potential Effect: Eligible tenants may not have been admitted to the program, or they may not have been admitted in the correct order.

Recommendations: It is recommended that the Housing Commission improve the documentation process by placing a copy of a current waiting list sorted by preference in a central file every time there is an event that results in a change in the order of the applicants on the waiting list. In addition, if new admissions are not at the top of the waiting list at the time of admission, there should be adequate documentation for anyone above them on the waiting list as to why they were skipped.

BATH CHARTER TOWNSHIP HOUSING COMMISSION
ADJUSTING JOURNAL ENTRIES
December 31, 2007
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Financial
Assessment
Electronic
Submission

<u>Line #</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
<u>Low Rent Public Housing Program</u>			
	(1)		
1162	Investments	\$ 952.24	
3610	Interest income		\$ 952.24
	(2)		
914	Compensated absences	100.00	
911	Administrative salaries		100.00